

Ōtorohanga District Council

Summary Annual Report for the year ended 30 June 2020

COMMENTS FROM THE MAYOR AND THE CHIEF EXECUTIVE

Tēnā koutou katoa

It is with pleasure that we present our Summary Annual Report for the 2019/20 year.

It's been an interesting and challenging year, with a global pandemic and the country put into full lockdown for seven weeks from Monday 23 March 2020. Council moved quickly to ensure that essential services continued to be delivered to the community, staff were able to work from home, a Civil Defence response was supported, and communication channels were kept open. The community rallied over this time under extremely trying circumstances to ensure our most vulnerable people were looked after. We would like to extend our sincere thanks to everyone who contributed to helping our community emerge from this event even more resilient than we were before.

Despite the pandemic, development in the district has continued with the extension of Waikeria Prison well underway, Happy Valley Nutrition obtaining all its required consents, a bovine processing plant being built, and the hotel in Kāwhia nearly complete. Residential building activity also increased across the district, and we were pleased to be reaccredited as a Building Consent Authority.

Council's financial position remains strong, with a healthy balance sheet, including a low amount of external debt. While the pandemic has delayed the delivery of some capital projects, the financial impact to Council has been minimal. Council was still able to undertake a number of large capital projects, including replacing the sand filters at the Ōtorohanga Water Treatment plant and the completion of the Ōtorohanga Stopbank Footpath which commenced in the previous year. We also achieved 69.5% of our non-financial performance measures, which is a pleasing result.

Council supported a number of community projects in a variety of ways this year with a \$2m loan to support the Kiwi House redevelopment. Council has also supported the Beattie Home Dementia Unit, and a bike

track at the Kiwiana playground. We also managed to attract \$250k in external funding for shovel ready projects.

Council showed bold leadership and immediately after lockdown went out with an ambitious early engagement process for our 2021 Long Term Plan. Seventeen drop in sessions were held around the district using the Buzzy Bee as our distinctive Kiwiana branding. The sessions attracted up to 40 people at each and the feedback from these will form the basis of our consultation document that will be presented to the community in early 2021.

We have increased our focus on iwi engagement this year with regular meetings with iwi leaders, and we are looking forward to developing these relationships further.

We are excited about the future of the Ōtorohanga district as we bring together the Long Term Plan early engagement feedback with the outcomes of an independent assessment undertaken as part of the CouncilMARK programme. The combination of community feedback, increased growth, low Council debt levels, and low interest rates means that we are now turning our minds to the future, and the opportunities for increased investment in our district. We are in an enviable position.

We have a committed, loyal team of staff and elected members who are passionate about our district, and we continue to focus on developing our internal capability so that we can continue to provide the best service possible to our community.

Ngā mihi nui, Max and Tanya



Max Baxter
MAYOR

Tanya Winter
CHIEF EXECUTIVE

29th January 2021



Summary Financial Statements

ŌTOROHANGA DISTRICT COUNCIL SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2020

Actual 30 June 2019 (000's)		Budget 30 June 2020 (000's)	Actual 30 June 2020 (000's)
	Revenue		
12,608	Rates revenue	13,110	13,195
9,110	Other income	6,908	6,071
21,718	Total income	20,018	19,266
	Expenses		
263	Finance Costs	195	190
16,950	Other Expenditure	17,819	19,552
17,213	Total expenditure	18,014	19,742
4,505	Surplus/(deficit) for the year	2,004	(476)
	Other Comprehensive Revenue and Expenses		
20,394	Gain/(loss) on property revaluation	-	2,139
-	Gain/(loss) on available for sale financial assets		
20,394	Total other comprehensive revenue and expenses	2,004	2,139
24,899	Total Comprehensive Revenue and Expenses for the year	2,004	1,663

ŌTOROHANGA DISTRICT COUNCIL SUMMARY BALANCE SHEET AS AT 30 JUNE 2020

Actual 30 June 2019 (000's)		Budget 30 June 2020 (000's)	Actual 30 June 2020 (000's)
	Assets		
7,619	Total current assets	10,774	9,367
322,233	Total non-current assets	302,403	322,051
329,852	Total assets	313,177	331,418
	Liabilities		
3,565	Total current liabilities	3,874	6,507
3,525	Total non-current liabilities	3,543	486
7,090	Total liabilities	7,417	6,993
322,762	Net Assets	305,760	324,425
	Equity		
164,178	Accumulated comprehensive revenue and expenses	167,469	163,585
158,584	Reserves	138,291	160,840
322,762	Total equity attributable to ODC	305,760	324,425



**ŌTOROHANGA DISTRICT COUNCIL
SUMMARY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

Actual 30 June 2019 (000's)	Note	Budget 30 June 2020 (000's)	Actual 30 June 2020 (000's)
297,863	Balance at 1 July	303,757	322,762
24,899	Total comprehensive revenue and expense for the year	2,004	1,663
322,762	Balance at 30 June	305,761	324,425

**ŌTOROHANGA DISTRICT COUNCIL
SUMMARY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

Actual 30 June 2019 (000's)		Budget 30 June 2020 (000's)	Actual 30 June 2020 (000's)
8,369	Net cash provided by Operating Activities	6,936	7,382
(7,475)	Net cash used in Investing Activities	(7,821)	(3,326)
(3,033)	Net cash used in Financing Activities	(20)	(18)
(2,139)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(905)	4,038
	Made up as follows:		
(2,139)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(905)	4,038
5,528	Cash, cash equivalents and bank overdrafts at the beginning of the year	4,254	3,119
3,119	Cash and cash equivalents at the end of the year.	3,349	7,157

Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2019/20 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expenses

Total other income was \$837,000 below budget. This is due to a number of factors, including subsidies being \$296,000 down on budget due to Covid-19 lockdown resulting in less roading capital works. Other gains/losses was also under budget as a result of the budget including sale of development properties that didn't happen.

Other expenses is \$1,733,000 over budget. This is due to depreciation and amortisation being \$720,000 over budget due to a fair value adjustment to roading assets in the prior year. There is also increased road maintenance

costs, which is offset by decreased activity operations as a result of the Covid-19 lockdown.

Balance Sheet

Total current assets are down on the budgeted figure by \$1,407,000. This is mainly due to an increase in the cash and cash equivalent of \$3,808,000 above budget offset by a reduction in assets held for sale of \$3,051,000 and trade and other receivable being \$2,342,000 below budget.

Non-current assets are up on budget by \$19,647,000 due to the revaluation of land and roading assets undertaken in the current year.

Total current liabilities are \$2,633,000 above budget. This is predominantly due to a reclassification of borrowings of \$3,000,000 from non-current to current liabilities offset by a reduction in trade and other payables. This also resulted in non-current liabilities being \$3,057,000 below budget.



Statement of Cash flows

Cash flows from operating activities were up on budget by \$446,000, as a result of increased receipts from other revenues.

Cash flows from investing activities were \$4,495,000 below budget due to the deferral of some capital expenditure projects, as well as those items delayed due to the Covid-19 lockdown.

Basis of Preparation

These summary financial statements and summary statement of service performance (the Summary Report) have been prepared in accordance with PBE FRS-43: Summary Financial Statements. The Summary Report cannot provide as complete an understanding as the full Annual Report which is available at the Council Offices and District Libraries. This Summary report is for the year ended 30 June 2020. All figures are in New Zealand dollars rounded to the nearest \$1,000.

The Summary Report has been extracted from the full Ōtorohanga District Council 2019/20 Annual Report which was authorised for issue on 15th December 2020. The full financial statements received an unmodified audit opinion dated 15th December 2020. The summary financial statements are presented in New Zealand dollars. The Summary Report was authorised by the Ōtorohanga District Council on 29th January 2021.

The primary objective of Ōtorohanga District Council is to provide goods or services for the community or social benefit rather than making a financial return. The Ōtorohanga District Council is an individual entity for reporting purposes.

Ōtorohanga District Council has been determined to be a Tier 2 Public Benefit Entity and therefore has applied reduced disclosure requirements as it sees fit.

Summary of Other Notes

Reserves

	Actual 2019 (000's)	Actual 2020 (000's)
Restricted reserves	3,180	3,297
Available for Sale Revaluation Reserves	1	1
Asset Revaluation Reserves	155,403	157,542
Total Reserves	158,584	160,840

The movement in restricted reserves related to subdivision financial contributions received with resource consents and interest earned on those restricted reserves.

The movement in the asset revaluation reserves related to revaluations of land and roading assets undertaken during the year.

Property, plant and equipment

Current year revaluations

An independent valuation of the Council's land and buildings was performed in the current financial year by Quotable Value, independent registered valuers not related to the Council, to determine the fair value of the land and buildings. Where possible market values were obtained and then discounted or adjusted using knowledge of the specific properties being valued. Where these couldn't be obtained, depreciated replacement cost was used. The valuation was effective as at 30 June 2020 in which the total fair value of land and buildings valued by Quotable Value was \$29,474,300.

As at 30 June 2020 valuations were undertaken of Council's roading and 3 Waters assets. These calculations were undertaken by sufficiently experienced in-house engineering staff and independently peer reviewed by Beca Projects NZ Ltd. The total fair value of these assets was determined by this calculation as at 30 June 2020 to be \$285,849,043.

COVID-19 Impact

During the year ended 30 June 2020 there was a period of time when New Zealand was in various stages of lockdown due to the



Covid-19 pandemic. The impacts for ODC on revenue was not significant, as the main impacts was only on library book rentals and some hall hireage income.

The most significant impact of the lockdowns was the delay in capital works, which has resulted in a larger carryover budget from 2019/20 to 2020/21 than expected.

Due to the lockdown, some non-financial performance measures were also impacted and not achieved, which would have been achieved without the impacts of the lockdown.

Events after balance sheet date

In August 2020, the claim from Carter Holt Harvey was settled. There was no claim deemed payable by Council.

In July 2020 Council signed an agreement with the Otorohanga Kiwi House to provide a loan of \$2M to assist them with their development. The first payment of this loan was made in July 2020, with a second payment in September 2020.



Summary of Significant Activities

Summary of Significant Service Levels and Performance Targets

Activity	Number of Performance Targets	Achieved	Partially Achieved	Not Measured	Not Achieved
Roads and Footpaths	6	1	-	-	5
Water Supply	7	4	-	-	3
Sewerage Treatment and Disposal	4	1	2	-	1
Flood Protection and Control Works	1	1	-	-	-
Stormwater Drainage	4	3	-	-	1
Community Services	20	13	2	1	4
Regulatory Services	14	9	-	1	4
Community Development	3	2	-	-	1
Governance & Leadership	14	11	1	2	-

Roads and Footpaths

Roads and Footpaths target achieved included unsealed road metalling. Targets not achieved include average quality of ride, percentage of sealed road network resealed, change in total number of fatalities and serious injuries and footpath network condition.

Water Supply

Water Supply targets achieved included the median resolution times for call-outs, median response times, average consumption per resident per day and percentage of real water loss. Not achieved measures related to drinking water standards for protozoa and bacteria and number of complaints per 1000 connections.

Sewerage Treatment

Sewerage Treatment target achieved related to compliance with resource consents. Dry weather overflows was not achieved. Complaints per 1000 connections was partially achieved due to not achieving the number of incidents of responses to issues. Median response times for overflows was partially achieved as attendance time was not achieved but resolution time was.

Flood Protection

The Flood Protection target achieved was regarding an assessment of the flood protection assets.

Stormwater Drainage

The Stormwater drainage targets achieved were for median response time to attend a flooding event, number of flooding events in the district and compliance with resource consents.

Community Services

Overall across all community activities a total of 20 performance targets exist, of which thirteen were achieved, two were partially achieved, four were not achieved and one was not measured. Those achieved included safe outdoor structures, safe and high quality park furniture, adequate paths and tracks, increase in recycling volumes, publication dates of library books, swimming pool water quality tests, cemetery complaints and complaints about kerbside collection.

The two partially achieved targets were pensioner housing occupancy rates, where the target was achieved in Ōtorohanga but not in Kawhia, and material issued by the library, where physical items were not up 2% but e-book issues were.



The targets not achieved were number of complaints about public conveniences, library visits per capita, cemetery website visits and compliance with resource consent conditions for closed landfills.

The not measured target related to Sport Waikato, due to no contract currently existing with them.

Regulatory Services

There are fourteen performance measures across Regulatory Services, which covers Building Control, Planning & Development, Environmental Health, Rural Fire, Civil Defence, Dog Control and Stock Ranging. Of these measures, nine were achieved, one was not measured and four were not achieved. These related to premises with food licences, alcohol licenced premise inspections, processing times for resource consents and processing times for building consents.

Some of the targets achieved for Regulatory Services included percentage of dogs impounded, complaints about roaming dogs, civil defence meetings, swimming pool inspections and Council's accreditation.

Community Development

There are three performance measures for Community Development, of which two were achieved during the year. The achieved measures related to the Ōtorohanga District Development Board providing quarterly reports to Council and Tourism Waikato providing 6 monthly reports. The measures not achieved related to the measure regarding property development.

Governance and Leadership

Governance and Leadership covers Democratic Process, Policy Development, Council Support, Corporate Planning and Support Services. There are fourteen performance targets across Governance and Leadership, and of these eleven were achieved during the year, one was partially achieved and two were not measured.

Some of the major performance targets related to Council business conducted in open meetings, availability of meeting agendas, adopting of Annual Plan and Annual Report, and reviews of bylaws. The partially achieved

measure related to provision of Council grants, where the Sport NZ Grants were achieved but the Creative Communities grants did not achieve the target.



Statement of Compliance

The Council and Management of Ōtorohanga District Council confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Due to the timing of the adoption of the Annual Report and the annual holiday shutdown, Council has breached the requirement with regards to the timing of the Summary Annual Report as required in section 98(6) of the Local Government Act 2002.

Statement of Responsibility

The Council and Management of Ōtorohanga District Council accept responsibility for the preparation of the annual Summary Financial Statements and the judgements used in them.

The Council and Management of Ōtorohanga District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of Ōtorohanga District Council, the Summary Financial Statements for the year ended 30 June 2020 fairly reflect the financial position and operations of Ōtorohanga District Council.

Max Baxter
MAYOR

Tanya Winter
CHIEF EXECUTIVE

Graham Bunn
GROUP MANAGER
CORPORATE

Ōtorohanga District Statistics

Area and Population

Area (Square kilometres)	1,976
Population (2018 Census figures)	10,104

Communities

	Area	Population
Ōtorohanga	507 ha	3,027
Kawhia	161 ha	384
Rural	196,932 ha	6,693
	197,600 ha	10,104

Valuation

Rateable Properties (No. of)	4,987
Non Rateable Properties (No. of)	306
Rateable Capital Value	\$4,902,321,000
Date of Last revision of Values	1 Sept 2019

Rates and Rating 2019/20

Total Rates(Excluding GST)	\$13,194,739
System of Rating	Capital Value

Public Debt Outstanding as at 30/06/20

Public Debt Outstanding	\$3,463,110
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Date of Constitution of District

1 November 1989

Contact Information

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Audit Report



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ŌTOROHANGA DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

The summary of the annual report was derived from the annual report of the Ōtorohanga District Council (the District Council) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 2 to 7:

- the summary Statement of Financial Position as at 30 June 2020;
- the summaries of the Statement of Comprehensive Revenue and Expenses, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2020;
- the notes to the summary Financial Statements that include accounting policies and other explanatory information; and
- the summary Statement of Service Performance, (referred to as 'Summary of Significant Activities') of the District Council.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 15 December 2020. That report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the Council as set out in full Annual Report on page 17. An extract of this information is included in the summary of the annual report on page 4.



Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.

Melissa Youngson, Partner
for Deloitte Limited On behalf of the Auditor-General
Hamilton, New Zealand

29 January 2021